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# NASA Procedural Requirements

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## Subject: NASA Equipment Management Manual

**Responsible Office: Logistics Management Division**

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## CHAPTER 3: Equipment Administrative Procedures

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### 3.1 Equipment Control

#### 3.1.1. Purpose

This chapter is intended primarily for equipment management personnel. It applies to Center-held equipment and sets forth the administrative requirements for establishing and maintaining equipment identification and equipment, accountability; reporting, and acting on lost, damaged, or destroyed equipment; equipment loan procedures; and employee removal and offsite use of equipment.

#### 3.1.2. Guidance Information (Reserved)

#### 3.1.3. Controlled Equipment Classification and Control

3.1.3.1 Pursuant to the policy set forth in NPD 4200.1, Equipment Management, each NASA Center will establish and maintain local procedures, meeting NEMS requirements for the administrative control of equipment. The procedures will apply to all equipment classifications. Such equipment will be referred to generically as controlled equipment.

3.1.3.2 All capital equipment, except those items that have been specifically authorized to be decontrolled by the SEMO, will be recorded and controlled under the procedures prescribed in this section. Capital equipment includes equipment with an acquisition cost of \$5,000 or more, equipment with an estimated useful life of 2 years or more, and equipment that will not be consumed in an experiment.

3.1.3.3. All other equipment items with an acquisition cost of \$1,000 to \$4,999 (noncapital) and items identified and designated as sensitive items with an acquisition cost of \$100 or more, except those items which have been specifically authorized to be decontrolled by the SEMO, will be recorded and controlled under the procedures prescribed in this section. Selected standard equipment type for control as sensitive items are listed in appendix C.

3.1.3.4. The Equipment Type Accounts set forth in appendix B are consistent with the Financial Management General Account Structure and will be used for classification of controlled equipment and for reconciliation with and reporting of capitalized equipment to finance.

3.1.3.5. Control will be established upon receipt and acceptance by marking the equipment with an equipment control number and entering the required data into the NEMS database, which contains subsidiary records to the NASA general ledger accounts.

3.1.3.6. Also, each system, subsystem, or part of a subsystem that meets the criteria for control and is supplied as a unit of controlled equipment on an acquisition document, will be assigned an equipment control number if --

- a. Component equipment items of the system or subsystem are interchangeable (component equipment items may be transferred as is for use in a dissimilar system),
- b. Spare component equipment items are held for replacement of like component equipment items, except when they are identified as Line Replaceable Units in an inventory management system,
- c. When they are stocked in a supply management repair program that controls repairable equipment items by issue location.

3.1.3.7. Systems not identified to the component equipment item level on acquisition documents will be tagged at the component equipment item level, as appropriate, with the aid of technical personnel.

#### 3.1.4. Noncontrolled Equipment

3.1.4.1. Noncontrolled equipment includes items with an acquisition cost of less than \$1,000 and that are not classified sensitive. Noncontrolled equipment will be managed under procedures developed and prescribed by the holding Center. All such equipment will be processed with appropriate documentation after receipt.

3.1.4.2. Each item of noncontrolled equipment will be affixed with a "Property of U.S. Government" decal, NASA Form 1517 or 1517a, except when not physically or technologically feasible. Smaller versions may be obtained locally for use on small items of non controlled equipment. The use of the NASA Form 1517 on noncontrolled office furniture is optional.

#### 3.1.5. Experimental and Fabricated Equipment

3.1.5.1. Center equipment that is designed or fabricated and meets the criteria for controlled equipment will be controlled under procedures. Equipment integrated with test articles being experimented on and subject to frequent configuration change will not be accounted for as controlled equipment. If subsequent to experimental use an item's configuration and use becomes stable and otherwise meets the criteria for controlled equipment, equipment control will be established and the item will be added to NEMS.

3.1.5.2. Sources and locations of experimental and fabricated equipment require monitoring to ensure that appropriate equipment control actions are accomplished when such equipment meets the criteria for control.

#### 3.1.6. Equipment Located at NASA Centers Other Than the Funding Center

3.1.6.1. Equipment accountability for items geographically separated from the funding or acquiring Center will be vested in the Center or location having possession of the equipment. Exceptions to this ownership rule are short-term loans or removals for 1 year with renewable option of equipment or tests, inspections, and other uses which will be controlled by loan documentation. Accountability for equipment furnished to contractors under another Center or other Government contract is retained by the contractors under the terms and conditions of their contracts whether or not the equipment is used at a NASA facility.

3.1.6.2. Equipment designated for return to the funding Center will not be disposed of without prior approval by the SEMO of the furnishing Center.

#### 3.1.7. Equipment Directly Delivered to Nonfunding Centers

3.1.7.1. When a Center is responsible for the procurement of an equipment item including its payment process, that Center is held accountable for the equipment purchased until equipment accountability is transferred to and accepted by the Center that received the shipment. To ensure that equipment accountability is properly transferred and administered in situations in which equipment is directly delivered to a Center other than the funding Center, the procedures prescribed in this chapter must be utilized.

3.1.7.2. Funding and receiving Center SEMO's, and the funding Center financial management officer, responsibilities are the following: the receiving Center SEMO will ensure contact with the funding Center NEMS Equipment Manager to report receipt and acceptance of the equipment and the ECN(s) assigned. A copy of the Receiving and Inspection documentation is sent to the funding Center financial management officer for information only, and the funding Center SEMO, adds the equipment item(s) to the NEMS data base when the transfer transaction has been processed. If the funding Center processes the transfer transaction immediately, the NEMS central data base Transfer Suspense File will display processing of the transfer transaction. The receiving Center will use Transaction 04 (Receipt by Transaction from NASA Center) to enter the record into NEMS, using the Receipt and Inspection form, and contract or purchase order as the authorizing source documents. The receiving Center returns appropriate documentation to the funding Center SEMO to acknowledge receipt and acceptance of the equipment, with a copy to the receiving and funding Center financial management officer.

3.1.7.3. The receiving Center will report (to the funding Center) that equipment has been received, accepted, and tagged. The NEMS Equipment Manager will immediately process a NEMS Transaction 01 (Receipt by Purchase - NASA Funded), using the contract or purchase order as the authorizing source document. Receiving documentation provided by the receiving center will be forwarded to the Financial Management Office for costing and disbursement. NEMS Transaction 65 (Transfer to Another NASA Center) will be processed in NEMS, using the shipping document as the authorizing source document.

#### 3.1.8. Equipment Found on Station

3.1.8.1. Immediate action will be taken to establish equipment accountability and control of all items found that meet the control criteria but that are not controlled in the Center's equipment records.

3.1.8.2. The Center SEMO is responsible for ensuring that a documented investigation is conducted for each found onstation case to determine the circumstance which allowed the equipment to be on the Center without equipment management control. NASA Form 1618, Found on Station Equipment Investigation, will be used to document the circumstances and investigations (instructions are contained on the reverse side of the form).

3.1.8.3. Upon conclusion of the investigation, the SEMO will analyze all findings and facts developed and forward a report to

upper management, if necessary, recommending corrective actions necessary to prevent similar occurrences.

3.1.9. Furniture and Furnishings. Office furniture and furnishings under \$5,000 are non-controlled items; however, group records may be established and maintained by location, property management area, or Center.

3.1.10. Vendor Owned Equipment Onsite. When a vendor installs or uses vendor-owned equipment at a NASA Center, for any reason, and retains title, such equipment must be clearly identified as being the property of that vendor.

3.1.11. Employee Owned Equipment Onsite. Centers which allow employee-owned equipment onsite must ensure that such equipment is clearly identified as being the personal equipment of the employee.

3.1.12. Equipment Owned or Leased by Contractors or Furnished to Contractor Under Other Government Contract. Pursuant to NASA FAR Supplement 18-52.245-77, contractors must secure written consent from their cognizant contracting officers, prior to their use at a NASA facility of equipment owned or leased by the contractors or of other equipment for which the contractors are accountable under any other Government contracts.

## 3.2 Controlled-Equipment Accountability

3.2.1. Purpose. This part sets forth requirements for establishing and maintaining effective controlled-equipment accountability that provides a continuous audit trail of an item from receipt until transfer of accountability or disposal.

### 3.2.2. Guidance Information (Reserved)

3.2.3. Equipment Control Number. Each item of controlled equipment will be physically identified with a singular equipment control number. This number will be affixed by means of a bar-coded tag or a smaller bar-coded tag for small components and firmly affixed in a conspicuous place, preferably on the front of the item. The number may be etched or painted on items not conducive to the application of tags.

3.2.4. Equipment Control-Number Register. An equipment control number register will be established and maintained at each Center. The register will be used to control the distribution of the equipment control-number tags. The register will include the following data: equipment control number, signature of person(s) accepting blocks of tags prior to assignment, and date assigned or tagged.

3.2.5. Tagging of Equipment. Each item of controlled equipment will be affixed with an equipment control number tag upon receipt, inspection, and acceptance at the Center.

3.2.6. NEMS Equipment Record. A record for each item of controlled equipment will be established in NEMS upon initial Agency receipt, by initiating an add transaction and selecting the appropriate Acquisition Transaction Number. The equipment record will include, as a minimum, mandatory data fields.

3.2.7. Transaction Audit Trail. Any addition, deletion, change, and adjustment to the NEMS records of controlled equipment generates an Entry Reference Number, which provides for an audit trail. The Entry Reference Number is also used to locate the transaction source document that has been processed.

3.2.8. Data and Statistical Records. Data and statistical records must be available through NEMS for reporting purposes. NEMS includes ad hoc query capability to extract various equipment management data. However, capital, noncapital nonsensitive controlled, and noncapital sensitive items, with their total dollar values, must be reported to the Lead Logistics Management Team, NASA Headquarters, semiannually (as of March 31 and September 30), or on request, by specific data sorts. NEMS Report 410 provides the data required for the semiannual report.

### 3.2.9. Reconciliation, Adjustment, and Reporting of Property Records and Financial Accounts Balances

3.2.9.1. As required, a semiannual reconciliation and adjustment of property records and financial accounts will be conducted. Each Center Financial Management Officer and SEMO will establish a monthly transaction cutoff date to facilitate reconciliation. The annual NASA Form 1490 Analyses of Fixed Assets Report will be jointly signed by the Center Financial Management Officer and the SEMO to reflect the agreed-upon ending balances that will be utilized for financial reporting purposes.

3.2.9.2. The Analyses of Fixed Assets Report, NASA Form 1490, the account balances submitted via the General Ledger Accounts System, and the yearend fiscal Supplemental Analyses Schedule required by Financial Management Manual 9391-9a must be in agreement.

3.2.10. Control of Documents. Detailed Center procedures will be developed to ensure that all documentation and transactions affecting the accountable records, such as additions, deletions, and cost adjustments, are serially controlled and processed promptly. Copies of this documentation will be maintained by the NEMS Equipment Manager, using microfiche or microfilm, electronic storage, or other methods deemed to be economical and responsive to this paragraph.

3.2.11. Property Custodian Records. NEMS Control will provide property custodians with a NASA Form 1602, NEMS Transaction Document, or a suitable electronic format for each item of equipment assigned to their account. Property custodians will maintain or have access to files of documents affecting receipt, movement, and disposition of controlled equipment in their property management areas.

3.2.12. Receiving and Inspection of Equipment. Upon receipt of purchased equipment, inspection against the requirements of the acquisition document will be performed prior to acceptance by the Government; this inspection can be performed by the employee if the items purchased are associated with a desktop delivery process. A check will be made for damage and defects, and equipment accountability will be established for controlled equipment by preparing the documentation necessary for entering the equipment data into the NEMS data base. Equipment delivered on a DD Form 250, Material Inspection and Receiving Report, or equivalent acceptance document or method, will be fully priced per line item. An incomplete DD Form 250 will be referred to the appropriate contracting officer for correction. The assigned equipment control numbers are to be annotated on the receipt and inspection report along with any serial number, model numbers, or other appropriate identifying markings.

3.2.12.1. Other receipts of equipment will be received and reviewed against the accompanying shipping documentation and, if accountable to the Center as controlled equipment, assigned an equipment control number the same as purchased equipment. Controlled equipment transferred in from another NASA Center retains the equipment control number assigned by the initial acquiring Center.

3.2.12.2. Equipment entering the Center on loan or lease will be handled and identified as required.

3.2.12.3. Equipment purchased via the credit card will follow all procedures stated in 3.2.12, and it will be the user's responsibility to notify the SEMO. Each Center must have unique processes and procedures to ensure that items meeting the criteria are properly controlled and tagged.

3.2.13. Shipment of Equipment. Equipment to be hand carried or shipped from the Center will be documented and coordinated with the SEMO prior to the physical movement of the equipment in order to ensure that the proper actions and any adjustments are made to the NEMS equipment control records.

3.2.14. Removal of Tags and Other NASA Identification.

3.2.14.1. When NASA control of equipment is discontinued for any reason except for equipment shipped to a contractor as Government-Furnished Equipment, the control number tag or other NASA identification will be removed or obliterated. The number will be canceled by the current accountable Center but annotated on the reference document used to support the removal of the item from the NEMS control records.

3.2.14.2. Equipment shipped to contractors as Government-Furnished Equipment under their contracts will retain the NEMS control tags or other NASA identification.

3.2.15. Removal of Equipment from the Center for Repair, Calibration, and Under the Terms of a Warranty. The Center will maintain equipment control over equipment that is removed from the Center for repair, calibration, or under the terms of a purchase warranty.

### 3.3 Survey of Lost, Damaged, or Destroyed Equipment

3.3.1. Purpose. This part prescribes the administrative and procedural requirements for the survey of lost, damaged, or destroyed equipment and any other personal property for which survey action is directed. This part is applicable to all Government-owned equipment onsite at NASA Headquarters and Centers for which equipment accountability is the responsibility of the Government and the official records are the Centers' equipment control system.

3.3.2. Equipment held by contractors or grantees is governed by the provisions of the Federal Acquisition Regulations, the NASA FAR Supplement, or the NASA Grants Guidance. This part does not apply to onsite contractors under the Installation-Accountable Government Property (IAGP) clause, NASA FAR 1852.245-71. They are required by the IAGP clause to establish and adhere to a system of written procedures for compliance with user responsibilities. And, such procedures must include holding employees liable, when appropriate, for loss, damage, or destruction of Government property. This part does not apply to Government equipment held by a contractor or grantee, whose records are the official property records, and the equipment is accountable under a NASA contract or grant.

3.3.3. Guidance Information (Reserved)

3.3.4. General Policy. A survey will be made immediately when Government property is lost, damaged, or destroyed. At the discretion of the Center SEMO or other responsible official, a survey may be made to cover loss, damage, or destruction for which property accountability is not maintained. A survey is an administrative action whereby the loss, damage, or destruction of Government property is documented, investigated, and reviewed to determine pertinent facts, adjust the records, and determine the extent or absence of personal responsibility for loss, damage, or destruction. When theft is suspected, and property cannot be located, the Center Security Officer will be notified immediately. A copy of any investigative report and finding will become part of the Survey Report when issued.

3.3.5. Procedures for Submitting a Survey Report

3.3.5.1. When Government property for which equipment accountability is maintained is lost, damaged, or destroyed, the user or individual who last had possession of the property at the time will immediately notify their property custodian and, if theft is suspected, notify the Center Security Office immediately. The individual will then prepare Part I of a Survey Report, NASA Form 598, unless the affected items were maintained by more than one property custodian. In that case, separate Survey Reports

by each custodian are allowed, but only one Survey Report for each custodian for items in their account that are affected by the single event. Otherwise, preparation of separate Survey Reports for each item will be considered circumvention of the requirements of this guidance. After completion of Part I of the Survey Report, the user or individual will submit the document to the SEMO via the accountable property custodian. If the person who last had possession of the equipment is unknown or no longer a NASA employee, it is the responsibility of the property custodian to complete Part I of the survey report.

3.3.5.2. The Division Director (or the next highest level of management if the Government employee is the Division Director) will review the survey report(s) submitted by the user and specify in Part II the corrective action that is proposed or has been taken to prevent recurrence, sign Part II of the Survey Report, and forward it to the Supply and Equipment Management Officer.

3.3.5.3. The Center Supply and Equipment Management Officer or designee will--

a. Verify or ascertain the value of the lost, damaged, or destroyed property and authorize the processing of the NEMS delete transaction.

b. Ensure maintenance of a Survey Report Register. Each report will be assigned a number and entered in the Register upon initial receipt. All documents pertaining to a Survey Report will be identified with the report number.

c. Refer Survey Reports to either the Property Survey Board or the Property Survey Officer as appropriate.

d. Ensure followup on the implementation of all recommendations arising from the survey process for adequate internal control.

3.3.5.4. In cases of damage, appropriate technical personnel of the Center will be requested, when necessary, to assist in developing repair costs which will be included as part of the report.

3.3.5.5. Lost, damaged, or destroyed property with a total acquisition cost, less reasonable depreciation equal to or under \$1,000 can be dispositioned by the Property Survey Officer without action from the Property Survey Board, or, at the discretion of the Property Survey Officer, can be referred to the Property Survey Board or equivalent forum for special investigation and disposition.

3.3.5.6. All lost, damaged, or destroyed property with a total acquisition cost, less reasonable depreciation greater than \$1,000 will be referred by the Property Survey Officer to the Property Survey Board for investigation and disposition. Investigations should be reasonably thorough but consistent with the magnitude of the type of item and its value and the probability of individual neglect or misconduct.

3.3.5.7. Property surveyed as lost but found later will be reinstated in NEMS.

3.3.6. Time Limit on Submitting Survey Reports and Completing Action.

3.3.6.1. Survey Reports must be submitted by the Division Director (or the next highest level of management if the Government employee is the Division Director) to the Center SEMO within 30 working days of the discovery of loss, damage, or destruction of property.

3.3.6.2. Recommended action(s) by the Survey Board should be completed within 90 working days of the Division Director submittal. The 90-working-days time limit is at the discretion of the Center SEMO and may be extended or reduced when necessary. As stated above, the SEMO must ensure followup on the implementation of all recommendations arising from the survey process.

3.3.6.3. Supporting documentation for Survey Report actions must be retained by the Center SEMO. Therefore, all supporting documentation must be forwarded to the SEMO by the Property Survey Officer or the Property Survey Board or equivalent forum for inclusion in the official survey files.

3.3.7. Investigation and Findings by Property Survey Officer or Property Survey Board.

3.3.7.1. Each Survey Report will be fully investigated and written findings made by the Property Survey Officer or Property Survey Board as to the facts concerning the loss, damage, or destruction of the Government property. Such findings shall include the extent or absence of personal responsibility, including findings as to whether the loss, damage, or destruction resulted from negligence, misuse, dishonesty, or misconduct on the part of the Government employee. All evidence, testimony, or other information considered during the investigation must be clearly documented.

3.3.7.2. If the loss, damage, or destruction of Government property is found to have resulted from negligence, misuse, dishonesty, or misconduct on the part of the Government employee, the Property Survey Officer or Property Survey Board will send written notification to the Government employee in question and afford such individual the opportunity to present a written statement of facts concerning the loss, damage, or destruction of the Government property. A copy should also be forwarded to the Division Director concerned. The statement will become a part of the Survey Report and will be considered in the findings and recommendations of the Property Survey Officer or the Property Survey Board.

3.3.7.3. The Property Survey Board will hold meetings as required, and all actions will be documented in written minutes. In order to meet the requirements of paragraphs 3.3.7.1. and 3.3.7.2. above, these minutes will be in addition to the statements included in the Survey Reports and will constitute part of investigation record.

3.3.8. Recommendations by the Property Survey Officer or the Property Survey Board.

3.3.8.1. On the basis of the investigation and findings, the Property Survey Officer or Board may recommend to the Division Director (or the next highest level of management if the Government employee is the Division Director) that the Government employee involved--

- a. Be held financially accountable and responsible for the loss, damage, or destruction of the Government property;
- b. Be disciplined pursuant to NPR 3752.x, Disciplinary and Adverse Actions;
- c. Be relieved from accountability and responsibility for the loss, damage, or destruction of the Government property.

3.3.8.2. The Property Survey Officer or Property Survey Board shall apply the following standards in making its findings and recommendations. A Government employee should be relieved from accountability and responsibility, whether financial or otherwise, for any loss, damage, or destruction of Government property which is attributable to inadequate instruction or inherent defects in the property. In addition, the Government employee should be relieved from such accountability and responsibility if--

- a. He or she satisfactorily explains the circumstances surrounding the loss, damage, or destruction;
- b. The evidence is consistent with such explanation;
- c. Under the circumstances, the loss occurred despite reasonable care and precautions.

3.3.8.3. On the basis of the investigation and findings, the Property Survey Officer or Property Survey Board may also recommend specific corrective or preventive action to reduce the probability of recurrence.

### 3.3.9. Approvals by Property Survey Officer

3.3.9.1. The Property Survey Officer will review all Survey Reports and related evidence and may return a Survey Report to the Property Survey Board for further information or analysis. The Property Survey Officer will have final approval authority for all Survey Reports.

3.3.9.2. Once a Survey Report is approved by the Property Survey Officer, the Property Survey Officer or Property Survey Board will assure that the following actions are accomplished:

- a. The specific corrective or preventive action set forth in the Survey Report is taken by the appropriate offices;
- b. The Center management is fully informed on the implementation of all recommendations concerning specific corrective or preventive action arising from the survey process;
- c. Indications of illegal or unethical conduct are referred to the Inspector General in accordance with NPD 9800.1, NASA Office of Inspector General Programs;
- d. Complete documentation on the loss, damage, or destruction is forwarded to the SEMO for retention and distribution, as defined in this section.

### 3.3.10. Disposition of Survey Reports

3.3.10.1. The submittal and distribution of approved Survey Reports will be conducted pursuant to subsection 3.3.5 above. The SEMO will assure disposition as shown in Part VI of the Survey Report.

3.3.10.2. If the Survey Report recommends that the Government employee should be held accountable and responsible for the loss, damage, or destruction, the Division Director (or the next highest level of management if the Government employee is the Division Director), in consultation with the appropriate Personnel Office, Financial Office, and the Center Chief Counsel (or General Counsel's Office for Headquarters) shall decide whether to adopt the recommendations of the Property Survey Officer or Property Survey Board with regard to the financial liability of the Government employee.

3.3.10.3. If these recommendations are adopted, the Center Financial Office shall apply the following standards in determining the amount of liability:

- a. For lost or destroyed property, the amount of liability shall be the acquisition cost of the property, less reasonable depreciation.
- b. For damaged property, the amount shall be the lesser of the following: the actual cost to the Government to restore the property to the same condition it was in immediately preceding the damage, or the acquisition cost value of the property, less reasonable depreciation.

3.3.10.4. The amounts found owing to the Government as a result of the loss, damage, or destruction may be voluntarily remitted by the Government employee upon the request of the Financial Office or may be collected by administrative offset, pursuant to applicable regulations implementing 5 U.S.C. 5514, as amended.

3.3.10.5. If the findings and recommendations of the Survey Report indicate that the loss, damage, or destruction of the Government property resulted from negligence, misuse, dishonesty, or misconduct on the part of the Government employee, disciplinary action may be taken in accordance with NPR 3752.x, Disciplinary and Adverse Actions.

### 3.3.11. Reporting

3.3.11.1. The Center Property Survey Officer, in conjunction with the Chairperson, Property Survey Board or designee, will ensure that feedback is provided to the Center Director via a written report at least annually through official channels.

3.3.11.2. This report, at a minimum, should include the total number of Survey Reports processed at the Center during the reporting period, the total number of Survey Reports submitted by each directorate or equivalent organization, the acquisition cost, less reasonable depreciation of the lost, damaged, or destroyed property for each directorate or equivalent organization, and general information regarding significant actions, problems, or other matters of substance related to Survey Reports, including trends by organization, location, or equipment type.

### 3.3.12. Optional Use of Investigation Report of Motor Vehicle Accident (Standard Form 91A)

3.3.12.1. To avoid duplication of investigation and reporting, NASA Headquarters and NASA Centers, including Component Facilities, are authorized to use the Investigation Report of Motor Vehicle Accident, Standard Form 91A, in lieu of the Property Survey Report, NASA Form 598, when a motor vehicle is damaged or destroyed in an accident.

3.3.12.2. Completed copies of Standard Form 91A received by the Supply and Equipment Management Officer will be processed in the same manner as NASA Form 598.

3.3.12.3. Complete survey procedures need not be followed when a motor vehicle is damaged and the cost of replacement or repair does not exceed \$250; there is no bodily injury; and the Transportation Motor Vehicle Operations Officer, with approval of the Center's Chief Counsel Office, determines there is no negligence. However, a Standard Form 91A must be submitted to the Center Transportation Motor Vehicle Operations Officer.

3.3.12.4. Accidents involving a NASA employee operating a General Services Administration motor pool vehicle will be investigated and reported as prescribed in Federal Property Management Regulations Subpart 101-39.

3.3.13. Other Property Damage Reporting and Investigation Requirements. In addition to Survey Report processing, NPD 8621.1G, NASA Mishap Reporting and Investigating Policy, and NPR 8715.x, Guidelines for Mishap Reporting, Investigating, and Record-keeping, establish investigation and reporting policy and procedures to determine mishap causes and prevent their recurrence. The spectrum of mishaps includes accidents and incidents involving damage to property occurring in any NASA or NASA-related activity. Mishaps involving damage or destruction to aircraft will be reported by the Aviation Safety Officer, using forms and procedures established in accordance with the above-referenced requirements, NPR 7900.x, Center Flight Operations Procedures, and FPMR 101-37.1105, as appropriate. The Supply and Equipment Management Officer must obtain approved copies of the appropriate mishap reports in order to delete the aircraft from the property records (in the cases of loss or destruction) and notify the Center financial management organization of the adjustment to the records. In the case of damage, aircraft will not be deleted from the property records, and the cost will not be adjusted if fully repaired; however, the Supply and Equipment Management Officer will keep copies of the approved mishap reports on file.

## 3.4 Equipment Loans

3.4.1. Purpose. This part sets forth the authority, requirements, responsibilities, and procedures for authorizing and accomplishing the loan of NASA equipment.

This part does not apply to the equipment loan policy for NASA employees or Center support contractor(s).

### 3.4.2. Guidance Information (Reserved)

3.4.3. Policy. Loans made external to NASA must be made by an appropriate instrument. These loan agreements must be reviewed by the Office of Chief Counsel or other appropriate official and approved by the Center SEMO in accordance with the provisions or procedures of NPR 4200.1.

### 3.4.4. Procedures

3.4.4.1. Any NASA employee receiving a request for the external loan of NASA equipment will refer the request to the Center SEMO. Contacts regarding proposed loans should be made far enough in advance to permit orderly review and approval of the request and timely preparation of the necessary documentation.

3.4.4.2. The SEMO will coordinate loan requests with the user organizations. The Division Director or designee will certify that the equipment to be loaned may be released without adversely affecting Center requirements.

3.4.4.3. When the concurrence of the authorizing official has been obtained and the loan is to be made external to NASA, the SEMO will determine the appropriate method for accomplishing the loan.

3.4.4.4. If the loan is to be made to another NASA Center, it is not considered external but referred to as a "borrow" in NEMS.

3.4.4.5. If the loan is effected pursuant to the terms of any other type of agreement, the loan documents, correspondence, subordinate loan agreements, and shipping documents, will be approved by the Center SEMO.

3.4.4.6. If the loan is to be effected with any foreign government or organization, it will be approved by the Office of External

Relations, NASA Headquarters.

3.4.4.7. The actual physical movement of the equipment will be coordinated with, or arranged by, the Center SEMO.

3.4.4.8. For each loan, the SEMO will ensure that a case file is established containing appropriate copies of authorizing agreements and all other pertinent supporting documentation.

3.4.5. Policy and Procedures for the Loan of NASA Equipment to Profit Making Organizations for Purposes not Covered in a Procurement Contract or Other Agreement.

3.4.5.1. NASA equipment may be made available to profitmaking organizations only for purposes authorized by the Space Act and specified in the loan agreement. Loans of equipment under this paragraph must be authorized and approved by the Center Director or designee.

3.4.5.2. Before an equipment loan is accomplished, the following will be included in the supporting loan file:

- a. A statement from the user organization that release of equipment will not adversely impact the organization operation;
- b. Coordination with the Center procurement officer to ensure that the user will not receive an unfair competitive advantage for a Government contract;
- c. A determination of whether monetary consideration will be required for use of the property.

3.4.5.3. Each loan and its supporting file will be concurred in and approved by the Office of the Chief Counsel before execution by the Center SEMO or designee.

3.4.5.4. NASA Headquarters, Lead Logistics Management Team, will be provided executed copies of all loan agreements involving equipment costing \$100,000 or more.

3.4.6. Inventory Control of Loans (Other Than Employee Loans) and Leases

3.4.6.1. Each loan agreement will be initially approved for a minimum of 1 year and contain a provision requiring the borrower to report and certify annually to the lending Center SEMO, on the anniversary date of the loan, a recertification statement which contains the identification number assigned to the equipment, its name, its current location and date physically sighted, its current use, and validation of the requirement for continuation of the loan.

3.4.6.2. The SEMO will develop and maintain a suspense system for loans and leased equipment in order to ensure that equipment is returned or leases are extended. A Loaned Equipment Expiration Report and a NEMS Report 133, Leased Out Equipment Return Candidate List, can be generated to review the status and expiration of loans or leased equipment. If loan extensions are determined necessary, the loaning officials will submit a recertification statement. Authorizing officials must review and certify extension of expired leases prior to renewal in order to ensure outgoing leases do not exceed temporary use policy.

3.4.7. Control of Incoming Loans and Leases

3.4.7.1. All incoming loans and leases of equipment that meet the criteria for control, regardless of source, will be processed at the time of receipt by the SEMO. Leased equipment under NASA-wide contracts, such as cost-per-copy-service contracts, are exempt.

3.4.7.2. Any organization loaning or leasing equipment to NASA must have a written agreement with NASA stating loan purpose and period.

3.4.7.3. All loaned or leased equipment meeting the criteria for control will be entered in NEMS under the following guidelines:

- a. Equipment identified in writing for lease or loan for 60 calendar days or less need not be accountable in NEMS if appropriate documentation is on file in the equipment organization and equipment is physically identified as belonging to the borrower. The borrower is responsible for returning the equipment, through the equipment organization, within 60 calendar days.
- b. For all other equipment meeting control criteria, adequate controls will be established by processing NEMS Transaction 8 (Receipt from Lease In) or Transaction 9 (Receipt from Loan In), as appropriate.
- c. The cost for incoming loaned and leased items will be the estimated original acquisition cost. The capital sensitive code is "X."
- d. The NEMS Equipment Manager will request a NEMS Report 130, Loaned In Equipment Expiration Report, monthly. This report generates all incoming loans due to expire within 30 days of the date of the report. The using official must review the loan requirement and arrange for return of the loaned equipment or request extension from the authorizing official of the loaning organization.
- e. Also, the NEMS Equipment Manager will request, as required, NEMS Report 132, Leased In Equipment Return Candidate List. This report generates all incoming leases due to expire within a selected date range. The using official must review the lease requirement and arrange for return of the leased equipment or request extension from the authorizing official of the leasing organization.

3.4.7.4. As required by Financial Management Manual 9259-3, leased equipment is also subject to capitalization if the original acquisition cost is \$5,000 or more, the useful life is 2 years or more, and the terms of the agreement are equivalent to an installment purchase. Installment purchase means one of the following:

- a. The lease can be converted to ownership at end of lease;
- b. The lease contains option to purchase at a bargain price;
- c. The noncancelable length of lease is equal to or greater than 75 percent of the estimated economic life.
- d. The present value of rental or other minimum lease payments equals or exceeds 90 percent of the fair market value.

Criteria (c) and (d) do not apply if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property.

3.4.7.5. All incoming leased equipment will be reviewed by the financial management organization to determine when capitalization requirements apply. When financial management determines that a leased item will be subject to capitalization, the NEMS Equipment Manager will do the following:

- a. Ensure that the Loan or Lease Document Number field begins with a "C."
- b. Request NEMS Report 136, Leased Equipment Subject to Capitalization, as of September 30 each year.
- c. Forward Report 136 to the financial management organization by October 10 for preparation of the Analysis of Leases Report, according to Financial Management Manual 9259-5.

3.4.8. Identification of Equipment on Loan or Lease to the Center. Each Center will affix a NEMS bar-coded loan or lease tag to incoming loaned or leased equipment at the time of receipt in order to clearly show that such equipment is not owned by the Center.

3.4.9. Leased Equipment Converted to Purchase. When NASA takes title to a leased item, the bar-coded paper lease tag should be replaced with a bar-coded permanent tag and the item reentered in NEMS with Transaction 21 (Lease to Purchase). The add transaction should record the original lease tag number in the Previous Equipment Control Number field and record the estimated fair market value in the Cost field. The leased record is then deleted in NEMS with Transaction 87 (Conversion of Lease to Purchase).

3.4.10. Control of Borrows between Custodians or between NASA Centers. In order to differentiate internal loans from external loans within NEMS, the term "borrow" is used for items moving within NASA for temporary use. Borrows are initiated by one custodian at the request of another custodian at the same Center or by one NASA Center at the request of another NASA Center. NEMS Transaction 38 generates monthly suspense reports. Return of a borrowed item to an accountable custodian is accomplished with Transaction 39, Borrowed Out or Returned. The SEMO or NEMS Equipment Management Officer or designee will initiate another NASA Center's equipment borrow request through locally established documentation. Upon request, NEMS Report 134 (Borrowed Equipment Return Candidate List) and NEMS Report 350 (Borrow Out Greater Than One Year) may be generated in order to ensure equipment return or transfer.

## 3.5 Removal and Use of Equipment by Employees

3.5.1. Purpose. This part sets forth procedures and responsibilities for the removal and use offsite of Center-provided equipment by NASA civil service employees or onsite NASA contractor employees.

3.5.2. Guidance Information (Reserved)

3.5.3. General Policy

3.5.3.1. Center equipment may be temporarily loaned to employees for use at home or elsewhere other than at the Center when it is determined to be necessary or beneficial to the conduct of NASA's missions or other official Government purposes.

3.5.3.2. Determinations will be made in writing and will specify the purpose and loan period. Loan extensions will be requested prior to the expiration date of the loan. Equipment will be returned when the specified purpose for the loan is no longer valid or at the end of the approved loan period, whichever is earlier. Flexible workplace agreements may contain provisions for long-term equipment loans to individual employees. Equipment loaned in this manner need not be returned for inventory/inspection until the agreement is terminated.

3.5.3.3. Employee loans will be issued for an initial period of up to 6 months or upon completion of the project if shorter. Renewal beyond the initial 6-month period must be approved by the organizational Division Director and reviewed by the SEMO. Renewals beyond 12 months must ultimately be approved by the Center Director. This authority may be delegated to one immediately subordinate official.

3.5.4. Approval to Remove

3.5.4.1. Approval to remove equipment from the Center for offsite use by a NASA employee will be granted by the Division Director, and concurred by the SEMO, provided the request is in accordance with the policy of this part and Center policy. The

Division Director must also provide certification that removal of the property will not adversely affect the performance of official duties in the division by the requesting employee or any other division employee and that the equipment being removed is not excess equipment. For onsite contractors, the additional approval of the Contracting Officer Technical Representative and the Contracting Officer will be required prior to removal.

3.5.4.2. Failure to meet these policy requirements can lead to disciplinary action for the employee, especially if loss, damage, or destruction occurs during the removal period.

#### 3.5.5. Procedures.

3.5.5.1. For the removal of any Government-owned equipment for official purposes for offsite use from the Center, the requester will perform the following:

a. For Short Term Loans (not to exceed 30 days): The loan will be documented using NASA Form 892 (Property Removal Permit) or equivalent. Loans exceeding 30 days (but less than 180 days) will be documented using a Center loan agreement between NASA and the borrowing employee. Loan documentation will indicate the requester's name and organization code, the purpose for use and removal of the equipment, with an explanation of why the official use cannot be accomplished onsite during normal business hours.

b. Submit loan agreement to the Division Director for approval and to the SEMO for concurrence.

c. The requester will submit the NASA Form 892 or loan agreement to the property custodian for signature. A copy of the NASA Form 892 or loan agreement will be retained by the applicable property custodian until return of the equipment has been verified.

d. The requester will return the equipment by the date shown on the NASA Form 892 or loan agreement, or request an extension beyond the original approved period. This extension request will be authorized in writing by the Division Director and submitted to the SEMO.

3.5.5.2. Loans of controlled equipment exceeding 30 days will be annotated using NEMS Transaction 40, Loan or Lease out. When the equipment is returned, NEMS Transaction 41, Loan or Lease Out-(returned), will be processed to update NEMS.

3.5.5.3. Center loan agreements will specifically detail the responsibilities of the employee with regard to the proper care and treatment of the equipment and will clearly state that the employee is subject to disciplinary action or pecuniary liability resulting from loss, theft, damage, destruction, negligence, misuse, dishonesty, or wanton and willful misconduct.

3.5.5.4. Employees will notify the responsible Property Custodian when the loaned equipment is returned. Appropriate notification must be provided to the SEMO.

3.5.5.5. For removal of Government-owned equipment from the Center in support of employee loans, the requester will follow the Center or Agency policy and report all loans to the SEMO.

3.5.6. Shipment by Center. The NASA Form 892 will not be used in lieu of a shipping document. In cases where shipment by the Center is required, a properly prepared shipping document will accompany the equipment. A shipping document must be prepared for items of equipment that are moved via 'handcarried.'

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